



Employment and  
Social Development Canada

Emploi et  
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CANADA STUDENT LOANS PROGRAM  
**ANNUAL REPORT**  
2012-2013

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## MESSAGE FROM THE MINISTER

As the Minister of Employment and Social Development and Minister for Multiculturalism, I am pleased to present the Canada Student Loans Program (CSLP) Annual Report for 2012-2013.



The Government of Canada is helping equip Canadians with the right education, skills and training they need to find good jobs in high-demand fields. We invest significantly in post-secondary education through the CSLP, recognizing that education and training are key factors in building a strong economy and workforce.

In 2012-2013, through the CSLP, over 472,000 full-time and 9,600 part-time students benefited from over \$2.6 billion in loans, and nearly 357,000 full- and part-time students benefited from \$695 million in grants. This represents the highest number of students served in the Program's history.

Also, for those students experiencing difficulty repaying their loans, the CSLP Repayment Assistance Plan (RAP) provides flexibility for them to pay back what they can reasonably afford. The Government is further simplifying the process for these students—they can now apply for and receive RAP online. It's easier and faster. In addition, the 2012-2013 fiscal year marked the first year of eligibility for loan forgiveness under Canada Student Loan Forgiveness for Family Doctors and Nurses. Close to 750 eligible medical practitioners and nurses, working in designated rural or remote communities, received approximately \$3.2M in loan forgiveness for this period.

The Government is committed to ensuring that through post-secondary education, Canadians get the right skills and education, now and in the future, to ensure Canada's economic prosperity.

A stylized, handwritten signature in dark ink, appearing to read 'Jason Kenney'.

The Honourable Jason Kenney, P.C., M.P.  
Minister of Employment and Social Development and  
Minister for Multiculturalism

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# INTRODUCTION

This annual report serves to inform Parliament and Canadians about student financial assistance for post-secondary education under the Canada Student Loans Program (CSLP). It provides information and data on loans, grants and repayment assistance during the 2012-13 loan year (August 1, 2012 to July 31, 2013).

**Further detailed information, including historical data on federal student financial assistance over the past number of years is available on the ESDC website at: <http://www.esdc.gc.ca/eng/jobs/student/reports/index.shtml>**

## VISION AND MISSION

### **Employment and Social Development Canada**

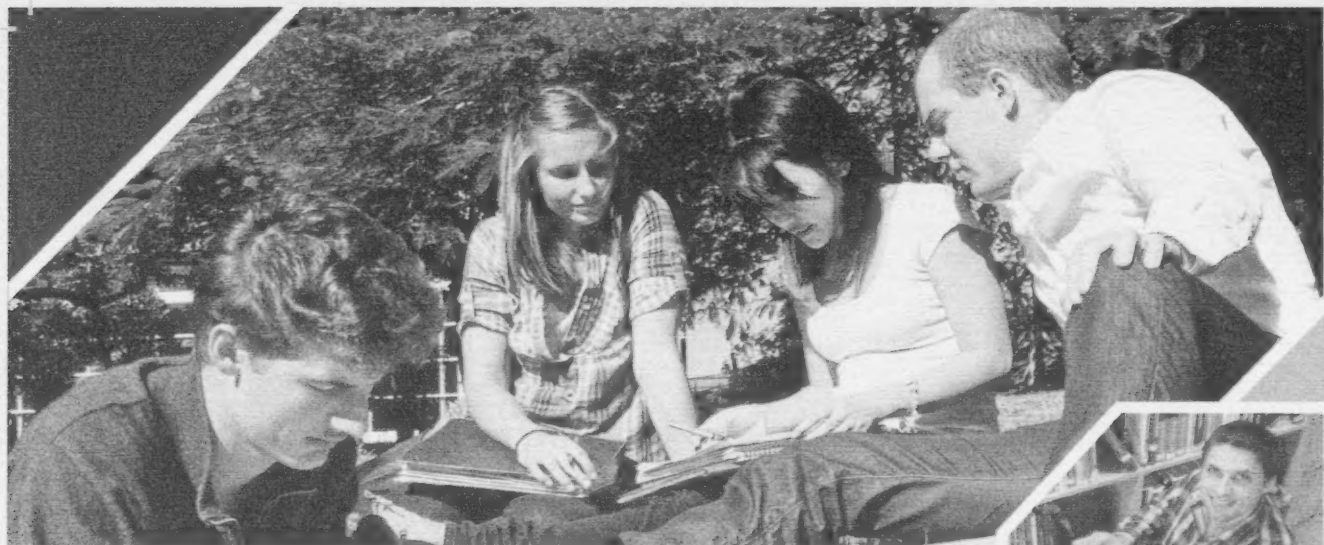
The mission of Employment and Social Development Canada (ESDC) is to build a stronger and more competitive Canada, to support Canadians in making choices that help them live productive and rewarding lives, and to improve Canadians' quality of life.

To do this, we:

- Develop policies that make Canada a society in which all can use their talents, skills and resources to participate in learning, work and their community;
- Create programs and support initiatives that help Canadians move through life's transitions—from families with children to seniors, from school to work, from one job to another, from unemployment to employment, from the workforce to retirement;
- Create better outcomes for Canadians through service excellence with Service Canada and other partners; and
- Engage our employees, establish a healthy work environment, nurture a culture of teamwork, and build our leadership capacity.

### **Canada Student Loans Program**

The Canada Student Loans Program (CSLP) promotes accessibility to post-secondary education for students who require financial support to undertake their studies. By reducing financial barriers for these students, through the provision of loans and grants, the CSLP enables Canadians to gain knowledge, skills, and qualifications required for successful participation in the economy and society.



## PROGRAM HIGHLIGHTS

The Government of Canada recognizes the importance of ensuring that student financial assistance addresses the diverse needs of post-secondary students so that they may achieve their education goals and, ultimately, succeed as contributing members of a productive workforce.

Following are key highlights of the various components of the Canada Student Loans Program in 2012-2013, including Canada Student Grants, repayment assistance, support for students with permanent disabilities, as well as loan forgiveness for doctors and nurses.

### Canada Student Grants

- In 2012-2013, nearly 357,000 students received financial assistance in the form of non-repayable grants. This includes more than 13,600 grants to support students in part-time study.
- The total value of grants awarded to students in 2012-2013 was \$695 million, an increase of nearly 7.5% from the previous year (2011-12).

### Canada Student Loans

- In 2012-2013, the Canada Student Loans Program (CSLP) provided:
  - 472,000 full-time students with \$2.6 billion in loans, and
  - 9,600 part-time students with \$16.6 million in loans.



- The number of full-time students receiving Canada Student Loans in 2012-2013 increased by 5.7% from the previous year (2011-2012).
- The number of part-time students receiving loans rose by nearly 48%. This significant increase is attributed to recent program enhancements, including eliminating the interest on part-time loans while in-study.

### **Repayment Assistance Plan**

- In 2013, the CSLP launched a new online Repayment Assistance Plan (RAP) application

process which enables borrowers to apply for and receive RAP in a more effective and timely manner.

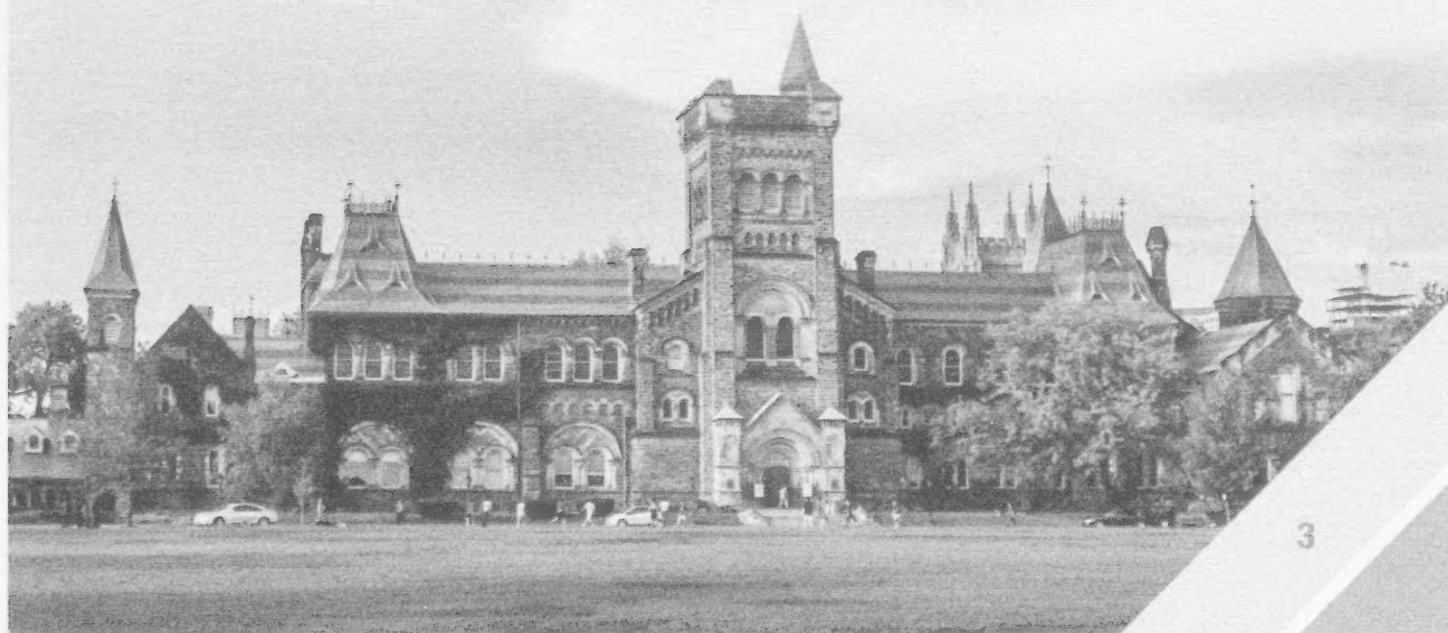
- Nearly 209,000 borrowers received support under RAP in 2012-2013, an increase of almost 13% from 2011-2012.

### **Support for students with permanent disabilities**

- In 2012-2013, the CSLP disbursed over 34,800 non-repayable grants to support students with permanent disabilities, an increase of approximately 13.7% from the previous year.
- More than 11,400 individuals received support under the Repayment Assistance Plan for Students with a Permanent Disability, and a further 500 borrowers had loan obligations forgiven via the Severe Permanent Disability Benefit.

### **Loan forgiveness for doctors and nurses**

- Under a new measure, Canada Student Loan forgiveness is available to eligible family doctors, residents in family medicine, nurse practitioners, and nurses who work in rural or remote communities. In 2012-2013, \$3.2M of student loans was forgiven, benefitting nearly 750 individuals.







## SETTING THE CONTEXT

### What the Program offers

The Canada Student Loans Program (CSLP) enables Canadians to meet the costs of higher education by offering financial support in the form of:

- Canada Student Loans
- Canada Student Grants
- Repayment Assistance

The Government of Canada pays the interest on student loans while borrowers are in school. Loan repayment is not required until six months following completion of studies.

Canada Student Grants are a non-repayable form of assistance available to students from low and middle-income families, students with permanent disabilities, and students with dependants.

The CSLP's Repayment Assistance Plan supports borrowers who are facing challenges in repaying their loans.

### Direct government financing and portfolio growth

Since 2000, the Government of Canada has provided student financial assistance directly to borrowers, unlike earlier CSLP lending regimes which were administered by financial institutions.

Under direct lending, the Government of Canada finances and administers the CSLP, contracting with a private sector service provider (the National Student Loans Service Centre) to manage student loan accounts through all phases of the borrowing lifecycle, from disbursement to repayment.



The direct loan portfolio has grown substantially during the past decade, with increasing numbers of students receiving financial assistance to help meet the costs of their post-secondary studies. In 2012-13, the portfolio was more than \$15 billion, significantly higher than the portfolio size of less than \$3 billion at the outset of direct lending in 2001-02.

## Working with partners

The Government of Canada works collaboratively with participating provincial and territorial governments<sup>1</sup> to deliver student financial assistance to Canadian students. Applicants in participating jurisdictions are assessed for both federal and provincial loans and grants through a single application process. For students in full-time study, approximately 60% of their assessed financial need is funded by the Government of Canada.

As a result of integration agreements negotiated between the Government of Canada and various provinces, the borrowing experience for students has been significantly streamlined and simplified. Students in integrated provinces (British Columbia, Saskatchewan, Ontario, New Brunswick, and Newfoundland and Labrador) benefit from having one single, integrated loan product, and are not required to manage two separate (federal and provincial) loans.

Students in these five integrated provinces comprise more than 80% of Canada Student Loan borrowers. Both federal and provincial portions of their loans are administered under one account and the National Student Loans Service Centre is their one point of contact.

## Service delivery

The Canada Student Loans Program (CSLP) is committed to streamlining and modernizing the Program, and to improving service for students. In collaboration with provincial/territorial partners,

the CSLP is working towards implementing a service delivery vision, aimed at providing students with simple, easy-to-manage access to financial assistance. Measures include improved online services, simplified application and repayment processes, and improved communication with students.

The CSLP recognizes the importance of ensuring that Canadians pursuing higher education are fully aware of the availability, benefits and requirements of student financial assistance. In efforts to inform students and their families on how to plan and pay for post-secondary education, the Program undertakes outreach activities mainly through web-based communications, and publishing reference materials. A key objective is improving awareness of programs for students who have traditionally faced barriers in accessing post-secondary education.

The CSLP's main information dissemination tool is the *CanLearn.ca* website. In 2012-2013, *CanLearn.ca* underwent a major redesign to enhance existing resources, make information easier to find and clearer to understand. The redesign worked to improve the effectiveness of Web content and tools, ensuring that the CSLP is delivering its messages to clients in a consistent and accessible way.

*Canlearn.ca* also links directly to the National Student Loans Service Centre (NSLSC) website, which enables borrowers to conveniently and securely access their student loan accounts. The NSLSC website allows borrowers to view and monitor all details of their loan information.

Work is underway to establish new authorities for e-delivery that will be incorporated into the next contract for the provision of student loans.

<sup>1</sup> Quebec, Nunavut and the Northwest Territories do not participate in the CSLP, but receive alternative payments from the Government of Canada to operate their own student financial assistance programs.



## PROGRAM RESULTS

*In 2012-2013, more than a half a million full-time post-secondary students received support from the Government of Canada in the form of a loan, grant, or interest subsidy under the Canada Student Loans Program. This includes more than 350,000 students who were awarded non-repayable grants.*

Included in this section is key data about the level and type of financial assistance provided to Canadian students in 2012-2013, as well as information about loan recipients entering repayment following completion of their studies.

### A. Canada Student Grants

Canada Student Grants are designed so that students know up front how much money they will receive. Grants are targeted towards students from low-income and middle-income families, with eligibility based upon family income and financial circumstances. Income level thresholds are adjusted to reflect cost of living in each jurisdiction and family size. Eligibility is assessed at the time the student applies for student loans.

Canada Student Grants are awarded as follows:

- students from low-income families: \$250 per month of study;
- students from middle-income families: \$100 per month of study; and
- low-income students with dependents: \$200 per month of study for each dependent under 12 years of age (or for each dependent over 12 years of age if they have a permanent disability).

Canada Student Grants are also available for students with permanent disabilities. These students are entitled to a grant of \$2,000 per academic year. Additional funding up to \$8,000 is available for those who require special services or equipment. Students receive consideration for these grants upon providing documentation relating to their disabilities when applying for a Canada Student Loan.

In 2012-2013, nearly 412,000 Canada Student Grants were provided to over 356,000 students (some students may be eligible for more than one type of grant). This is an increase of 6.1% when compared to the number of students who received

grants in 2011-2012 and an increase of 11.5% from two years ago (2010-2011). The following table and chart summarize the distribution of grants provided in 2012-2013<sup>T</sup>.

### Distribution of Canada student grants by type

TYPE OF GRANTS*	2011-2012		2012-2013	
	NUMBER OF GRANTS	VALUE OF GRANTS (\$MILLION)	NUMBER OF GRANTS	VALUE OF GRANTS (\$MILLION)
<b>Full-Time Studies</b>				
Students from low-income families	218,837	\$410.4	232,209	\$444.0
Students from middle-income families	89,076	\$65.7	93,262	\$70.5
Full-time students with dependants	36,596	\$87.2	37,655	\$92.2
Students with permanent disabilities	22,881	\$42.7	26,547	\$50.4
Students with permanent disabilities – equipment and services	7,753	\$20.5	8,290	\$21.6
Transition grants**	4,365	\$6.2	–	–
Millennium Excellence Awards	768	\$4.0	255	\$1.4
<b>Total full-time grants</b>	<b>380,276</b>	<b>\$636.7</b>	<b>398,218</b>	<b>\$680.1</b>
<b>Part-Time Studies</b>				
Part time students	8,602	\$9.7	13,160	\$14.5
Part time students with dependants	317	\$0.3	423	\$0.4
<b>Total part-time grants</b>	<b>9,119</b>	<b>\$10.0</b>	<b>13,603</b>	<b>\$14.9</b>
<b>Overall</b>				
<b>Total Number of Grants***</b>	<b>389,395</b>	<b>\$646.7</b>	<b>411,821</b>	<b>\$695.0</b>
<b>Total Unique Grant Recipients***</b>	<b>336,173</b>	<b>\$646.7</b>	<b>356,892</b>	<b>\$695.0</b>

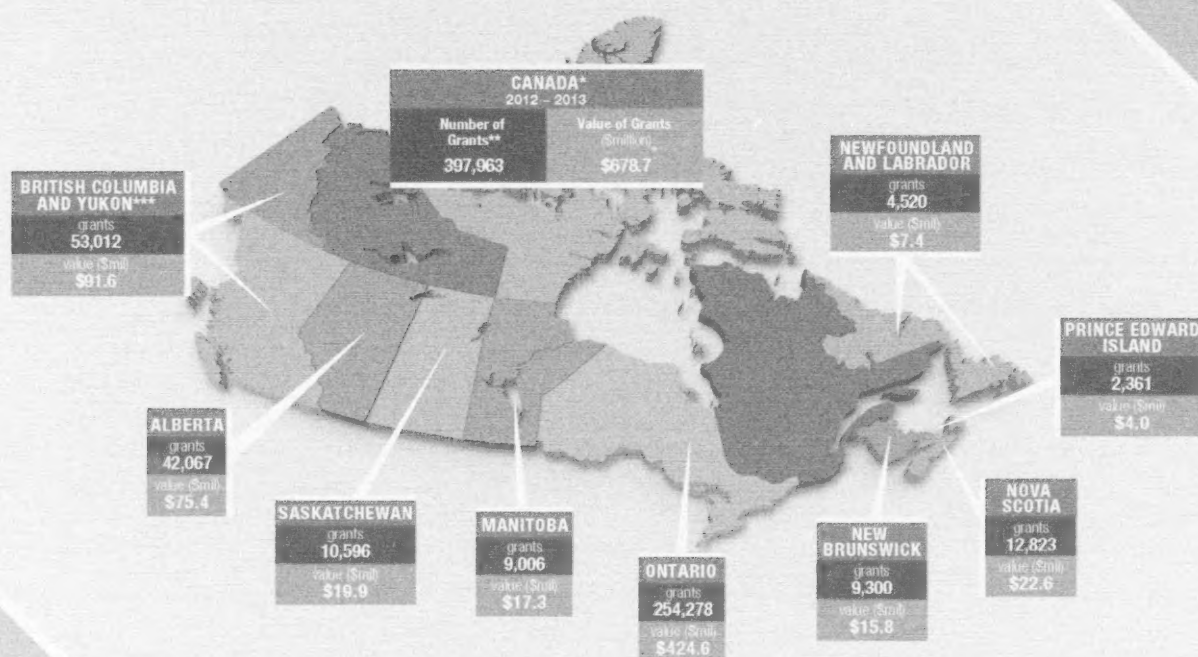
<sup>T</sup> Totals reflect data values that are rounded.

\* Refer to Glossary for a description of each type of grant.

\*\* Transition grants are provided to students who received funding from the Canada Millennium Scholarship Foundation (CMSF). These grants have gradually been phased out as students complete their study programs. See Appendix A for further details on transitional support for students as a result of the wind-down of CMSF.

\*\*\* The total number of grants is greater than the total number of grant recipients because some students received more than one type of grant.

## Grant disbursement for full-time students by province/territory



\* Quebec, Nunavut and the Northwest Territories do not participate in the CSLP, but receive alternative payments from the Government of Canada to operate their own student financial assistance programs.

\*\* The number of grants in each jurisdiction include all types of grants offered through the CSLP, except for the Millennium Excellence Awards for which provincial/territorial breakdown is unavailable.

\*\*\* Yukon data combined with British Columbia data due to confidentiality.



## B. Canada Student Loans

Canada Student Loans are available to Canadian students enrolled in degree, diploma or certificate programs at designated post-secondary educational institutions in Canada and abroad. To be eligible, a student must demonstrate financial need and reside in a province or territory that participates in the Canada Student Loans Program (CSLP). Canada Student Loan recipients are provided with interest subsidies, whereby the Government of Canada pays the interest on their loans while they are enrolled in school. Repayment begins six months after end of studies.

### Demographic Overview

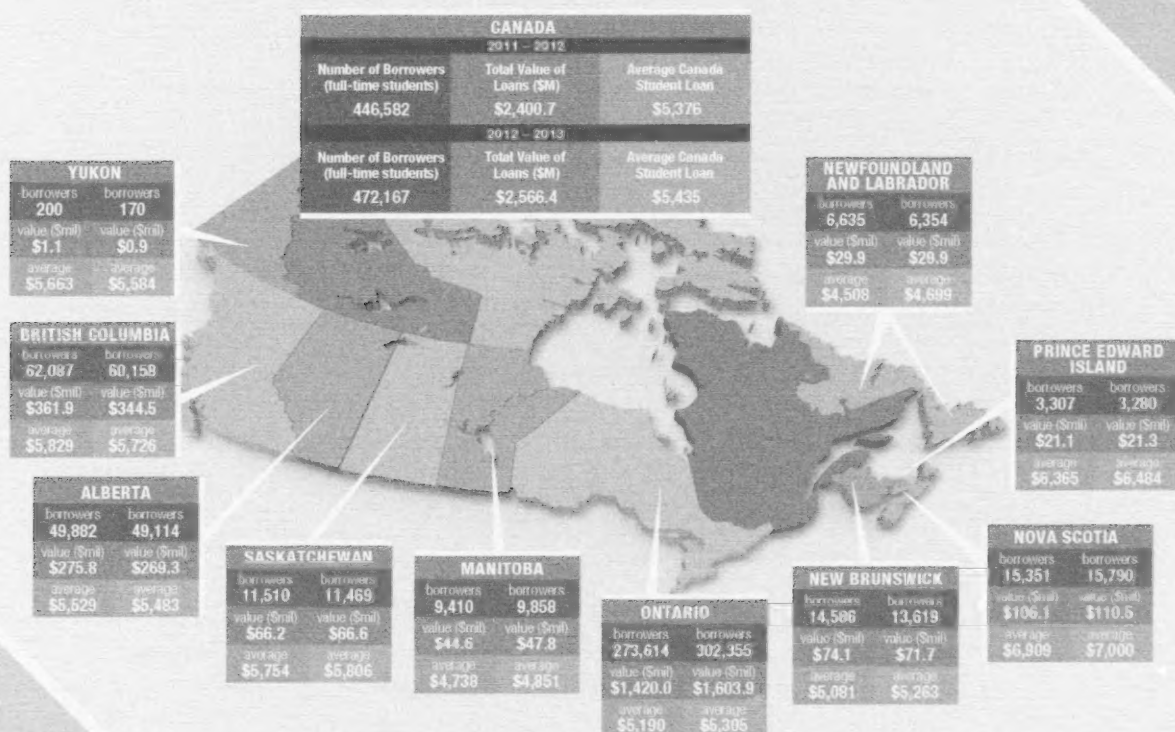
In 2012-2013, the CSLP provided nearly \$2.6 billion in loans to more than 472,000 full-time post-secondary students, an increase of approximately 6% in the number who received loans in 2011-2012.

There are no significant variances to report with respect to the demographic profile of Canada Student Loan recipients in 2012-13, as compared to previous years.

Overall in 2012-13:

- The majority (nearly 55%) of full-time students with loans were 21 years of age or younger; 35% were between 22 and 29 years of age, and 10% of full-time borrowers were 30 years or older.
- 89% of the full-time students with Canada Student Loans were single.
- Female students comprised 60% of loan recipients and male students 40%.
- Almost 2/3 of full-time students with Canada Student Loans (64%) were residents of Ontario. Students from British Columbia (13%) and Alberta

### Year over year disbursement of full-time Canada student loans by province/territory



(10%) comprised the next two highest proportions of loan recipients. The remaining 13% were from the other seven participating jurisdictions.

As noted in the above table, in 2012-2013 the number of full-time student Canada Student Loan borrowers rose by 25,585 from the previous year, mostly attributable to an increase of 10.5% in the number of Ontario borrowers.

The average Canada Student Loan of \$5,435 per recipient is similar to the average loan amount in previous years (\$5,376 in 2011-2012, and \$5,226 in 2010-2011).

The average loan amount for full-time students 30 years of age or older was nearly \$6,700, whereas the average loan amount for students under 21 was approximately \$4,900. There were negligible differences in average loan amounts between male and female students.

The loans amounts in the above table are for one academic year (2012-13) and do not include the amount of provincial or territorial loans a student may have received in 2012-2013 or loans that may have been received in previous years. Section C of this report provides information on overall Canada Student Loan debt load for students who completed their studies in 2012-13.

### **Where do borrowers go to school?**

In 2012-13, the vast majority of student loan recipients, more than 90%, remained in their home province or territory to pursue their post-secondary education. Less than 1 in 10 (approximately 9%) either studied outside their home province or territory or went abroad.

Student borrowers from large provinces were less likely to study outside their home province; for example, only 5% of Canada Student Loan recipients from Ontario studied outside their province. Conversely, students from smaller jurisdictions were more likely to use their Canada Student Loan at an institution outside their home province: 81% of student borrowers from Yukon and 41% of student borrowers from Prince Edward Island studied outside their home jurisdictions in 2012-2013.

Borrowers in Atlantic Canada who left their home province to study tended to remain within Atlantic Canada, while those in Western Canada tended to either stay in their region or attend post-secondary institutions in Ontario.

Nearly 11,500 Canada Student Loan recipients, less than 2.5% of the total number of borrowers, studied outside of Canada in 2012-13. Half of these students undertook study programs in the United States, and the other half were enrolled in schools located in other regions of the world.

### **What types of institutions do borrowers attend?**

In 2012-2013:

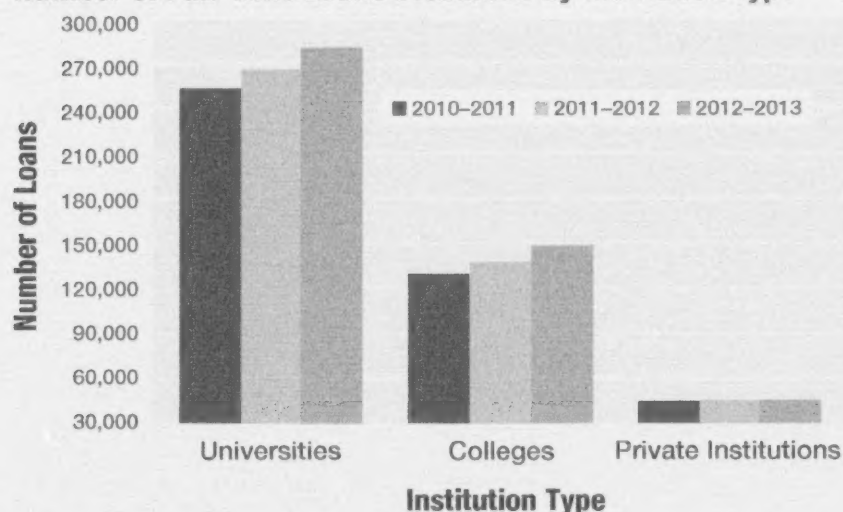
- 59% of full-time student borrowers attended university;
- 31% attended college;
- 10% attended a private institution.

These numbers remained virtually unchanged from 2011-2012.

The average loan amount disbursed in 2012-2013 continued to be highest among borrowers attending a private institution (\$7,502) and lowest among college attendees (\$4,686).

The following chart illustrates a breakdown of loans provided for full-time study at universities, colleges and private schools for 2012-2013, as well as for the two previous years:

## Number of Full-Time Loans Disbursed by Institution Type



### What study level are borrowers enrolled in?

In 2012-2013, most full-time student borrowers (59%) were enrolled in undergraduate programs, while 37% were enrolled in non-degree programs and 4% were masters or doctoral students. These proportions are similar to those from 2011-2012.

Average loan amounts were higher for full-time students in programs at the masters level (\$7,384) or doctorate level (\$8,122), as compared to those in undergraduate level (\$5,354) or in non-degree programs (\$5,319).

### Support for part-time studies

The vast majority of borrowers under the Canada Student Loans Program are full-time students, as evidenced by the size of the CSLP portfolio for full-time students (\$2.6B in loans) as compared to part-time students (\$16.6M in loans).

Nevertheless, program changes in recent years have broadened access to financial assistance for those studying on a part-time basis, including adults retraining to upgrade their skills and better position themselves for the job market. Specifically, the Government increased the income thresholds used to assess the eligibility of part-time students for financial assistance and also eliminated the interest on loans while in-study. Furthermore, part-time students can

now borrow up to a maximum of \$10,000, up from the previous limit of \$4,000.

In view of these enhancements, there has been a significant increase in the number of students receiving loans for part-time study. In 2012-2013, \$16.6 million in Canada Student Loans for part-time study was provided to 9,600 students. This represents an increase of nearly 48% from the number of part-time

students who received support in 2011-2012, and is more than double the number of part-time students who received Canada Student Loans in 2010-2011.

The majority of the 9,600 part-time students with loans in 2012-2013 were 25 years of age or younger. Slightly more than 35% were older than 25, in comparison to full-time borrowers, of whom only 20% were older than 25.

The average amount of loan given to part-time students in 2012-2013 was \$1,724. The average loan is significantly higher for part-time students attending private institutions (\$4,568) than those attending universities (\$1,571) or colleges (\$1,541). The following table illustrates the increase in uptake of student loans for part-time studies over the past three years:

Canada Student Loans for Part-Time Study		
Loan Year	Number of Borrowers	Value of Loans (\$million)
2010-2011	3,974	\$6.9
2011-2012	6,470	\$11.2
2012-2013	9,601	\$16.6

## C. Loan repayment and repayment assistance

Canada Student Loans, like any loan, must be repaid by the borrower. However, unlike traditional bank loans, interest only begins to accumulate on a Canada Student Loan after completion of studies, and no payments are required in the first six months.

Loans are typically scheduled to be repaid through monthly payments over a 114 month (9.5 year) period. Depending on their financial situation and income level, borrowers may revise their repayment terms, either to pay more quickly or to extend the payment period (up to a maximum of 14.5 years).

### Recent Change in Student Debt Methodology

Starting this year, the CSLP will be using a revised methodology to calculate student debt in order to improve the accuracy of the measure. Instead of using gross total disbursement to a student as a measure of debt, CSLP will start using net disbursement (gross disbursement minus any amount repaid during study period.) This will better reflect the indebtedness at the time of leaving school.

The Government of Canada started disbursing Canada Student Loans directly (i.e., Direct Loans) in 2000. Since then, Direct Loans account for an increasing portion of student loans entering repayment. As of 2013, only a tiny fraction (less than 3%) of CSLs entering repayment was disbursed by private banks. Therefore, the CSLP is now in a position to calculate the net student debt at the time of leaving school more accurately.

As shown in the table below, under this new methodology, the Canada Student Loan debt level is slightly (4-7%) lower than what was reported before.

For example, the average debt for borrowers who finished school in the 2011-12 academic year was \$12,155 as opposed to \$12,972, which was reported last year and based on the previous methodology.

As noted in the table below, students who completed their studies in 2012-2013 had an average Canada Student Loan balance of \$12,314, and this average loan balance has remained relatively stable over the past number of years. It is important to note that the loan balances described here reflect only the federal portion of a student loan. Borrowers may also have student loans from a province or territory.

The range of amounts owing by Canada Student Loan borrowers is as follows:

- 54% had a balance lower than \$10,000;
- 27% had a balance between \$10,000 and \$20,000; and
- 19% had a balance over \$20,000.

Differences in loan balances are reflective of each student's particular situation. Among the key factors are the type and location of institution as well as the program of study. In 2012-2013, the average loan balance of university students (\$15,548) was higher than that of college students (\$9,143) and of those attending private institutions (\$10,635). This difference is partly because university programs tend to take longer to complete than college or private educational institution programs.

Although borrowers attending private educational institutions on average receive more in loans per academic year (\$7,502 in 2012-2013) than their university and college counterparts (\$5,497 and \$4,686 respectively), they typically accumulate less overall debt because their programs of study are generally shorter.

### Canada Student Loan Debt at Completion of Studies (\$): Comparison of Methodologies

Methodology	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Previous	13,020	13,222	13,404	13,013	12,972	13,250
Current	12,182	12,645	12,857	12,281	12,155	12,314



Canada Student Loan balances also differ by the students' province or territory of residence, ranging from nearly \$9,100 (Manitoba) to approximately \$16,800 (Prince Edward Island). For students pursuing their post-secondary education outside their province, higher travel and living costs would be reflected in higher borrowing amounts.

### Repayment Assistance Plan

Borrowers who are having difficulty making their monthly Canada Student Loan payments can apply for help through the Repayment Assistance Plan (RAP). Depending on their financial situation – such as their income and family size – borrowers may be approved for a reduced monthly payment or not have to make any monthly payments for the duration of their six-month RAP term. In the event that repayment assistance is required, borrowers can continue to apply for RAP in six months increments.

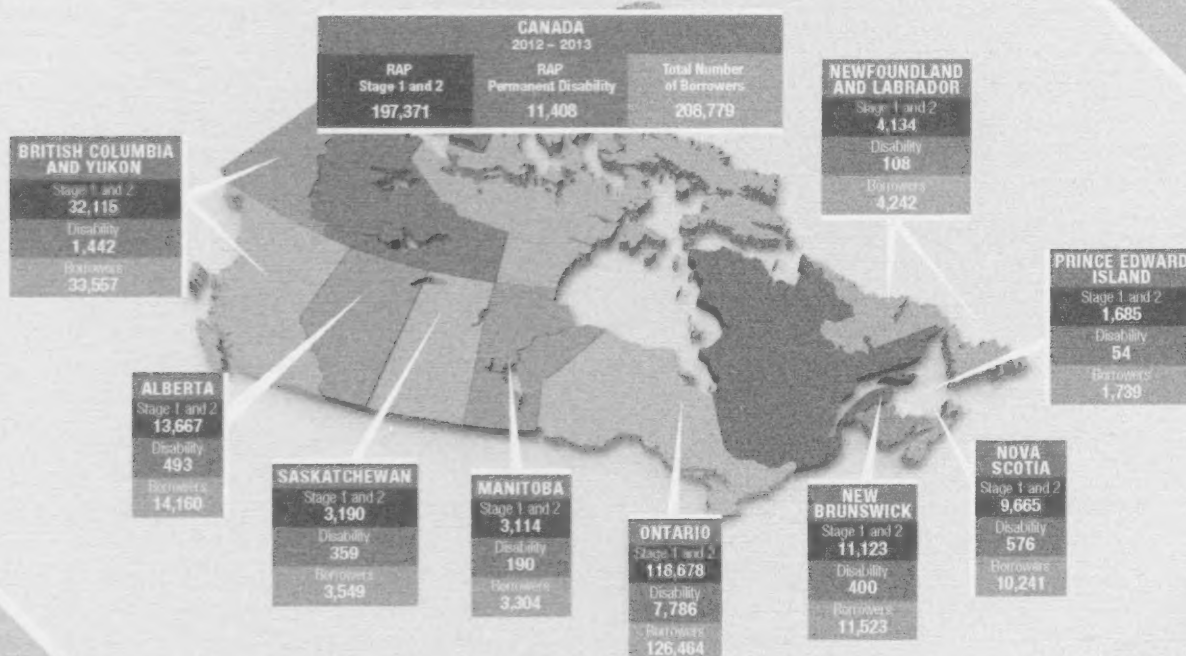
RAP is provided in two stages, which are seamless to the borrower. Under Stage 1 the Government covers the outstanding interest not met by the borrower's reduced payment. Borrowers that have received 60 months of RAP or have been out of school for

more than ten years, will begin to receive Stage 2 assistance, whereby the Government will now begin to cover both the principal and interest not met by the borrower's reduced payment. This ensures that the balance of the loan is gradually paid off and that borrowers on RAP long term do not have to take longer than 15 years (or 10 years for persons with permanent disabilities) to repay their loan.

There is also a Repayment Assistance Plan for borrowers with permanent disabilities (RAP-PD). Like RAP, RAP-PD is designed to assist borrowers experiencing difficulty meeting their repayment obligations. For those approved for RAP-PD, the Government will cover the principal and interest not covered by the borrower's monthly RAP payments. This ensures that a borrower on RAP-PD long-term does not have remaining student loan debt after a period of 10 years. In addition, RAP-PD allows borrowers to claim disability-related expenses, which are taken into consideration when the RAP-PD application is assessed.

As indicated in the table below, close to 209,000 borrowers benefitted from assistance under RAP in 2012-2013, an increase of approximately 13% from

### CSLP borrowers receiving repayment assistance by province/territory



the number of borrowers (almost 185,000) who benefitted from RAP in the previous year, 2011-12.

The vast majority (88.5%) of borrowers accessing RAP in 2012-2013 were approved under Stage 1, whereby they received Government support for interest portions of their loan payments.

### **Severe Permanent Disability Benefit**

In very particular cases, some borrowers with a severe permanent disability may be eligible for loan forgiveness. The Severe Permanent Disability Benefit makes it possible to cancel the repayment obligations of borrowers who have a severe permanent disability and are unable to meet their repayment obligations. Approval for this benefit follows a medical assessment that a severe disability permanently prevents the individual from going to school or working in the future.

In 2012-2013, approximately \$11M in Canada Student Loans were forgiven under this measure, with an average loan value of \$22,000 per individual. Nearly 500 individuals accessed this benefit in 2012-13 which is similar to the average annual number of beneficiaries for the past several years.

### **Loan Forgiveness for Family Doctors and Nurses**

Under a new initiative implemented in 2013, the Government of Canada offers Canada Student Loan forgiveness to eligible family doctors, residents in family medicine, nurse practitioners, and nurses who work in rural or remote communities. This benefit is aimed at helping more Canadians get the health care they need.



Family doctors or residents in family medicine may receive up to \$40,000 in Canada Student Loan forgiveness over a maximum of five years (\$8,000 per year), and nurses or nurse practitioners may receive up to \$20,000 in loan forgiveness over a maximum of five years (\$4,000 per year).

The first eligible year of loan forgiveness was from April 1, 2012 to March 31, 2013. For this period, 745 applications were approved, enabling health professionals working in various rural and remote regions to reduce amounts owing on their Canada Student Loans by an average of \$4,247. The highest uptake for this benefit was among registered nurses, with 512 recipients in 2012-2013.

### **Default rate has declined**

Although the vast majority of students repay their loans fully and on time, the CSLP has several repayment assistance measures available for those who experience difficulty in repaying their loans, and the Program continues to work to reduce the default rate.

As the majority of defaults occur within three years of entering repayment, the CSLP uses the three-year cohort default rate as a main indicator of the performance of the Canada Student Loan portfolio. This rate compares the value of the loans that enter repayment in a given loan year (cohort) and default within three years to the value of all the loans that entered repayment in that cohort.

As noted in the following table, the default rate has remained relatively stable over the past number of years, and has declined significantly from 2003-2004.

Canada Student Loan Three-Year Cohort Default Rates								
2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 <sup>P</sup>
28%	19%	17%	16%	15%	14%	15%	14%	13%

A loan is deemed in default when in arrears for greater than 270 days under the direct-lending regime (roughly equivalent to missing nine monthly payments).

The three-year default rate is defined as the ratio of cumulative amount of all loans deemed in default for the period covering the year of consolidation and the subsequent two years, to the total amount of all loans consolidated in that year.

P: Preliminary rate for 2011-2012

## D. Communications and program delivery

### Modernizing service delivery

Canadians' expectations for efficient and effective service delivery are on the rise. Following a commitment announced in Budget 2008, the Canada Student Loans Program (CSLP) has worked in recent years to streamline and modernize the delivery of student financial assistance (SFA). In collaboration with provincial/territorial partners, a service delivery vision has been developed which is aimed at providing student borrowers with simple, easy-to-manage access to SFA.

An important achievement is the implementation of a Master Student Financial Assistance Agreement (MSFAA) and Electronic Confirmation of Enrolment (ECE) to replace the Certificate of Eligibility paper process to issue loans and grants to student borrowers. Under this new model, borrowers receiving a disbursement need only sign a paper document once. Subsequent disbursements are issued without the borrower going through the administrative process of re-signing subsequent loan agreements. As of the 2013-2014 academic year, both the MSFAA and ECE were fully implemented in all participating provinces/territories.

This initiative significantly enhances the loan experience for student borrowers by:

- providing more timely disbursements of financial assistance to students;
- reducing the paper-based administrative burden for students and the National Student Loans Service Centre (NSLSC);

- increasing the readability and understanding of the rights and obligations of student borrowers; and
- producing greater efficiencies within the SFA delivery system.

In January 2013, the CSLP launched a new online Repayment Assistance Plan (RAP) application through the NSLSC web site. After signing into their NSLSC account borrowers can complete an online application with their loan information pre-populated. The application is submitted online, and supplementary documentation (if necessary) can be uploaded as well. This allows borrowers to apply for and receive RAP more quickly, improving the borrower experience and getting qualified borrowers assistance when they need it.

Also in 2012-2013, the CSLP worked at modernizing online services and improving communication with students by ensuring that CanLearn.ca and the NSLSC website were optimized for mobile devices as well as respected usability principles and approaches of the Government of Canada. Over 4 million users visited CanLearn.ca for information on post-secondary education and learning resources in Canada.

Work is underway to establish new authorities for e-delivery that will be incorporated into the next contract for the provision of student loans.





## MEASURING PROGRAM PERFORMANCE

The Canada Student Loans Program (CSLP) is a statutory program that provides loans, grants, and repayment assistance to all post-secondary students who meet eligibility criteria. The CSLP is responsible for ensuring that financial support effectively assists Canadian students, and that taxpayers' investment in the Program is properly managed. As such, the Program regularly measures and reports on:

- client satisfaction;
- awareness of student financial assistance;
- portfolio performance;
- program integrity; and
- program evaluation.

### Client satisfaction

The Client Satisfaction Survey<sup>1</sup> is used to assess borrowers' satisfaction with the services related to their Canada Student Loan, including services provided by the CSLP directly, and those provided by the National Student Loans Service Centre (NSLSC).

- In the latest survey, 4 out of 5 borrowers surveyed said they were satisfied with the overall quality of the CSLP's services.
- Satisfaction levels have remained essentially stable over the past number of years. As client satisfaction is an important objective for the CSLP, the contract with the service provider that operates the NSLSC is performance-based and contains an incentive for increasing borrower satisfaction.

<sup>1</sup> Phoenix Strategic Perspectives Inc., Canada Student Loans Program 2013 Client Satisfaction Research.



## Awareness of student financial assistance

The CSLP also strives to ensure that borrowers are aware of the details of their loans and the specific options available to them. Of the student borrowers participating in the survey, 85% found their repayment options to be clear when they begin repayment.

## Portfolio performance

The CSLP constantly monitors the Canada Student Loan portfolio to ensure that loans are being repaid, and not entering default. This rate has decreased significantly from 28% in 2003–2004, to 13% (preliminary figure) in 2011–2012.

The CSLP works with its service provider to improve services to borrowers to help them avoid default through:

- Early outreach informing borrowers of their repayment requirements and assistance options available;
- Communications campaigns targeted to borrowers who withdraw from studies early;
- Improving client service and helping borrowers apply for repayment assistance more easily and effectively.

Furthermore, the service provider's performance-based contract provides an incentive for default reduction, allowing the service provider to earn additional payments if it meets certain targets related to the default rate. Among other actions, the service provider will contact borrowers who are statistically more likely to default to offer them loan counselling before their first scheduled payment.

## Program integrity

The CSLP strives to safeguard the integrity of the Program and protect the investments made by borrowers in their post-secondary education. Safeguarding integrity means ensuring that all aspects of the Program are operating within the legal framework of the *Canada Student Financial Assistance Act* and the *Canada Student Loans Act*.



The CSLP has in place a number of policies and activities designed to ensure the program's integrity and to enhance governance and accountability:

- The Designation Policy Framework establishes pan-Canadian criteria for designation — the process whereby post-secondary educational institutions are deemed eligible for student financial assistance programs (i.e., students can apply for student financial assistance if they are attending a designated school). The Framework ensures that federal and provincial/territorial student financial assistance portfolios operate within the principles and practices of reasonable financial stewardship. As a part of this Framework, the CSLP calculates and tracks the repayment rates of Canada Student Loans. In 2013 the rate was 86.7% which is the highest it has been over the past ten years.
- Administrative measures allow for restrictions to be applied to individuals who knowingly misrepresent themselves to obtain student financial assistance. Such individuals may be restricted from receiving student financial assistance for a specified period, be required to immediately repay any money obtained as a result of false information, and have grants converted to repayable loans. If warranted, further action may also be undertaken such as criminal investigation or civil litigation.

In 2012-2013, the CSLP undertook investigations of 59 cases of alleged misrepresentation, 26 of which were confirmed as abuse, involving nearly \$170,000 in student financial assistance.

- In keeping with provisions of the *Canada Student Financial Assistance Act*, the Office of the Chief Actuary conducts a statutory actuarial review of the CSLP at least once every three years. The most recent Actuarial Report (2011) is available on the website of the Office of the Superintendent of Financial Institutions (<http://www.osfi-bsif.gc.ca>).

### Program evaluation

An evaluation of the implementation of Budget 2008 was recently completed, focusing on how the different measures, including Canada Student Grants, the Repayment Assistance Plan (RAP), and a new service delivery vision have impacted the administration of the Canada Student Loans Program (CSLP) and how timely the measures were implemented. Recommendations were made to streamline the application process for RAP, further reduce spousal disposable income available for a student's education and to involve provincial/territorial officials earlier on the design and implementation stages of future programs. The CSLP has moved forward in addressing recommendations through the implementation of an online RAP application and



through better use of stakeholder forums that will engage provincial partners as soon as possible in the design and implementation stages of new initiatives that will contribute to a more effective and efficient Program for the future.

The CSLP is undergoing a supplementary evaluation focusing on evaluating the impact of Canada Student Grants which includes a new performance measure of persistence in post-secondary education. As the impacts of grants on persistence and completion of post-secondary education are long range in nature, this evaluation will extend to 2015-2016 to gain a truer picture of the effects of Canada Student Grants.

# APPENDIX A – OTHER GOVERNMENT FUNDING

## Government funding

Although the Canada Student Loans Program (CSLP) is the largest program offering student financial assistance to Canadians, other funding sources exist at the federal, provincial and territorial levels.

Measures offered by Employment and Social Development Canada include the following:

- The Canada Education Savings Grant encourages Canadians to save for their children's post-secondary education by awarding grants to beneficiaries of Registered Education Savings Plans (RESPs).
- The Canada Learning Bond provides a grant to low-income families to begin an RESP and encourages parents to save for their children's post-secondary education.
- Individuals who receive Employment Insurance benefits can be eligible for courses, training programs or other support to make it easier for them to return to the labour market, while still receiving income support during that period. This service is either co-managed with the provinces and territories, or provided by the provinces and territories through federal transfer payments.
- Provinces and territories may choose not to participate in the CSLP. These provinces and territories receive an alternative payment to assist in the cost of delivering a similar student financial assistance program.

## Canada Millennium Scholarship Foundation

- The Canada Millennium Scholarship Foundation (CMSF) was established in 1999 with an endowment of \$2.5 billion and a ten year mandate to promote access to post-secondary education. The CMSF provided non-repayable bursaries and excellence awards to eligible students. In Budget 2008, it was announced that the CMSF would sunset at the end of the 2008-2009 loan year and that measures would be taken to ensure that students would not be impacted negatively by the CMSF's sun setting.
- One of these measures is the transition grants provided by the CSLP. Transition grants were disbursed to former recipients of the CMSF bursaries to ensure that they continued to receive the same level of assistance after the sunsetting of the CMSF. The CSLP disbursed these grants until they were phased out by 2012-2013 as students completed their programs.
- In addition to the transition grants, the CSLP is also continuing to support Millennium Excellence Awards recipients. In 2012-2013, 255 Millennium Excellence Awards worth approximately \$1.4 million were provided.

Other federal programs and initiatives related to post-secondary education include the following:

- The Canada Social Transfer is a federal transfer of funds to provinces and territories in support of post-secondary education, social assistance and social services.

- Aboriginal Affairs and Northern Development Canada assists First Nation and Inuit students with the costs of tuition, books and travel, and provides living allowances through the Post-Secondary Student Support Program and the University College Entrance Preparation Program. Post-secondary institutions also receive support through the Indian Studies Support Program to develop and deliver special programs for Aboriginal people.
- Tax relief is available to all individuals with federal and provincial or territorial loans through a federal tax credit on the annual interest paid on their student loans.
- The tuition tax credit provides tax relief for students' expenditures toward tuition fees.
- The education tax credit provides up to \$400 per month for full-time students and \$120 per month for part-time students to help offset education expenses.
- The textbook tax credit recognizes the rising cost of educational materials. This credit is \$65 per month for full-time post-secondary students and \$20 per month for part-time students.
- The Official Languages Support Program helps provinces and territories fund minority-language education and second-language instruction.
- Industry Canada offers scholarships and fellowships under the Natural Sciences and Engineering Research Council of Canada and the Social Sciences and Humanities Research Council of Canada.
- Provincial/territorial and other funding include the following:
  - Provincial and territorial governments offer loans, grants, scholarships, tax credits and repayment assistance measures.
  - Students may also apply for scholarships and bursaries from their educational institutions, financial institutions and community groups.



## APPENDIX B – FINANCIAL DATA

All data in this section represent the fiscal year<sup>2</sup> April 1, 2012, to March 31, 2013.

### Consolidated report on the Canada Student Loans Program

In August 2000, the Canada Student Loans Program (CSLP) was shifted from the risk-shared financing arrangements in place with financial institutions between 1995 and July 2000 to a direct student loan financing plan. The Government of Canada provides the necessary funding to students, and a private sector service provider administers the loans.

#### Reporting entity

The entity detailed in this report is the CSLP only and does not include departmental operations related to the delivery of the CSLP. Expenditure figures are primarily statutory in nature, made under the authority of the *Canada Student Loans Act (CSLA)* and the *Canada Student Financial Assistance Act (CSFAA)*.

#### Basis of accounting

The financial figures are prepared in accordance with generally accepted accounting principles and as reflected in the *Public Sector Accounting Handbook* of the Canadian Institute of Chartered Accountants.

<sup>2</sup> Note: Figures given for the fiscal year (April 1, 2012 – March 31, 2013) represent a different time-frame from that of Loan Year (from August 1, 2012 to July 31, 2013).

**Figure 1: Consolidated Canada Student Loans Programs -Combined Programs**

(millions of dollars)	Actual		
	2010-2011	2011-2012	2012-2013
<b>Revenues</b>			
Interest Revenue on Direct Loans	444.8	504.4	539.8
Recoveries on Guaranteed Loans	23.9	20.0	17.0
Recoveries on Put-Back Loans (RS)	11.5	10.1	8.7
<b>Total Loan Revenue</b>	<b>480.2</b>	<b>534.5</b>	<b>565.5</b>
<b>Expenses</b>			
<i>Transfer payment</i>			
Canada Study Grants, Canada Access Grants and Canada Student Grants Program	620.7	648.9	680.2
<i>Loan Administration</i>			
Collection Costs (All regimes) <sup>a</sup>	20.9	22.5	21.7
Program Delivery Costs (DL)	66.0	66.4	72.7
Risk Premium to Financial Institutions (RS)	0.3	0.1	0.0
Put-Back to Financial Institutions (RS)	2.3	3.7	2.8
Administrative Fees to Provinces and Territories and SIF (DL)	26.7	27.6	28.6
<b>Total Loan Administration Expenses</b>	<b>116.2</b>	<b>120.3</b>	<b>125.8</b>
<i>Cost of Government Support Benefits to Students</i>			
In-Study Interest Borrowing Expense (Class A - DL) <sup>a</sup>	173.3	142.7	112.3
In Repayment Interest Borrowing Expense (Class B - DL) <sup>a</sup>	182.9	155.1	122.8
In-Study Interest Subsidy (RS & GL)	1.2	1.0	0.7
Repayment Assistance Programs <sup>c</sup>	88.9	109.8	123.5
Claims Paid & Loans Forgiven (All regimes)	12.5	9.7	10.8
<b>Total Cost of Govt Support Benefits to Students</b>	<b>458.8</b>	<b>418.3</b>	<b>370.1</b>
<i>Bad Debt Expense<sup>d</sup></i>			
Debt Reduction in Repayment Expense (DL) <sup>e</sup>	40.7	352.7	68.0
Bad Debt Expense (DL)	323.6	340.3	317.1
<b>Total Bad Debt Expense</b>	<b>364.3</b>	<b>693.0</b>	<b>385.1</b>
<b>Total Loan Expenses</b>	<b>1 500.0</b>	<b>1 880.5</b>	<b>1 561.2</b>
<b>Net Operating Results</b>	<b>1 079.8</b>	<b>1 346.0</b>	<b>995.7</b>
<i>Alternative Payments to Non-Participating Provinces (DL)<sup>f</sup></i>	<i>300.1</i>	<i>288.2</i>	<i>253.7</i>
<b>Final Net Operating Results</b>	<b>1 379.9</b>	<b>1 634.2</b>	<b>1 249.4</b>

(DL) = Direct Loans

(RS) = Risk-Shared Loans

(GL) = Guaranteed Loans

a. The Canada Revenue Agency has reviewed their methodology therefore the 2010-2011 actuals have been adjusted.

b. These costs are related to Canada Student Direct Loans but reported by the Department of Finance.

c. Interest Relief and Debt Reduction in Repayment has been replaced by the Repayment Assistance Plan.

d. This represents the annual expense against the Provisions for Bad Debt and Repayment Assistance Plan Payments - Principal as required under Accrual Accounting.

e. The 2011-2012 actual expense of \$352.7M for Repayment Assistance Plan (RAP) reflects an increase in the uptake for RAP, as well as more generous benefits provided to borrowers with disabilities. The majority of this increase is a one-time retroactive adjustment in order to capture loans disbursed starting in 2009-2010. Please see the Explanatory Note on the following page for further detail.

f. The figures represent the annual expense recorded under the Accrual Accounting as opposed to the actual amount disbursed to the Non-Participating Provinces. For 2012-2013, the total amount disbursed as Alternative Payments is \$257.6 M.

## **Explanatory Note – Debt Reduction in Repayment Expense**

As the Government of Canada issues Canada Student Loans to students, these loans must be recorded in the public accounts as assets and coupled with an allowance provision (expense) for potential future losses associated with these loans. These expenses are recorded in the year the loans are issued even though the losses may not occur until years later.

The Repayment Assistance Plan (RAP) was implemented in 2009–2010 to assist CSL borrowers experiencing difficulty in meeting repayment obligations. Now that RAP has been in place for a number of years, more data for this benefit is available. This new data was used, in conjunction with other data relating to the CSLP portfolio, to establish and refine the calculations used to record planned and actual expenses.

Following a review of RAP data, the Office of the Chief Actuary (OCA) increased the allowance provision rate from 1.8% to 3.0% to be applied (retroactively) as of 2009–2010 when RAP was implemented. This increase takes into account an increase in overall uptake for RAP as well as more generous benefits provided to borrowers with disabilities.

As a result of the increase in the RAP provision rate, an upward adjustment to \$352.7M was made for 2011–2012, a total which included the following two components:

- (1) an increase in the forecasted expense from \$38.1M to \$61.4M for loans issued within the 2011–2012 loan year, and
- (2) a retroactive allowance adjustment (\$291.3M) for loans issued in 2009–2010, and 2010–2011.

Therefore, although the expense is reported in 2011–2012, it is important to note that it includes a one-time retroactive adjustment to account for previous years as well.

### **Note:**

Effective August 1, 2000, the Office of the Chief Actuary (OCA) has a mandate to conduct an actuarial review to provide a precise assessment of the current costs of the Canada Student Loans Program (CSLP), a long-term forecast of these costs, a portfolio projection, as well as a discussion of all the assumptions underlying the results of the review. The results are presented on a loan year basis from August 1 to July 31.

For a more detailed explanation on how the OCA forecasts provision allowances, please refer to the Actuarial Report on the CSLP as at July 31, 2011 at:

[http://www.osfi-bsif.gc.ca/Eng/oca-bac/ar-ra/cslp-pcpe/Pages/CSLP\\_2011.aspx](http://www.osfi-bsif.gc.ca/Eng/oca-bac/ar-ra/cslp-pcpe/Pages/CSLP_2011.aspx)

# GLOSSARY

**See CanLearn.ca for a more thorough glossary of terms related to the Canada Student Loans Program (CSLP) and student financial assistance.**

**Canada Student Grants:**

On August 1, 2009, Canada Student Grants replaced the existing Canada Access Grants, Canada Study Grants, and grants offered by the Canada Millennium Scholarship Foundation. Grants are available for:

- Students from Low-income Families: \$250 per month, to a maximum of \$3,000 per year for full-time students in a multi-year program;
- Students from Middle-income Families: \$100 per month, to a maximum of \$1,200 per year for full-time students in a multi-year program;
- Students with Dependents: For full-time students, \$200 per month of study, per child under 12 years of age, or a dependant with a permanent disability who is 12 or over. For part-time students with up to two children under 12 years of age, \$40 per week of study. For part-time students with three or more children under 12 years of age, \$60 per week of study.
- Part-time Studies: For students from low income families, up to \$1,200 per year, depending on assessed need.
- Students with Permanent Disabilities: \$2,000 per year for full-time or part-time students with permanent disabilities.
- Services and Equipment for Students with Permanent Disabilities: Up to \$8,000 per year to cover exceptional education-related costs such as tutors, note-takers, sign interpreters, brailers, or technical aids.

**Consolidation:**

Borrowers consolidate their student loan(s) six months after completing their post-secondary studies (or ending full-time studies). Repayment begins once they have consolidated their loans.

**Default:**

A Canada Student Loan, issued under the direct loans regime, enters into default once a borrower has missed payments for 270 days. Loans issued under the guaranteed and risk-shared loan regimes enter into default when payments are in arrears for 90 days or more.

**Default rate:**

The CSLP measures default using the "three-year cohort default rate." This rate shows the proportion of loan dollars that enter repayment in a given loan year (cohort) and default within three years. For example, the 2010-2011 default rate represents the proportion of loan dollars that entered repayment in 2010-2011 and defaulted before August 1, 2013.



<b>Designated:</b>	A designated post-secondary educational institution meets provincial and federal eligibility criteria, and students attending these schools can apply for government-sponsored student financial assistance, such as Canada Student Loans.
<b>Direct loans:</b>	As of August 2000, the federal government issues Canada Student Loans under the direct loans regime. Loans are directly financed by the Government and a third-party service provider administers the loan process.
<b>Full-time:</b>	A full-time student is a student enrolled in at least 60% of a full course load (or 40% for students with permanent disabilities), in a program of study of at least 12 consecutive weeks at a designated post-secondary educational institution.
<b>Guaranteed loans:</b>	Between 1964 and 1995, Canada Student Loans were provided by financial institutions (such as banks) under the guaranteed loans regime. If a student defaulted on a guaranteed loan, the government paid out the bank and the student's debt was then owed directly to the Government.
<b>Integrated province:</b>	In integrated provinces, federal and provincial loans are combined so borrowers receive and repay one federal-provincial integrated loan. The federal and provincial governments work together to make applying, managing and repaying loans easier. The CSLP has integration agreements with five provinces: Ontario, New Brunswick, Newfoundland and Labrador, Saskatchewan, and British Columbia.
<b>In-study:</b>	The status of borrowers attending full-time or part-time studies at a post-secondary institution, or who have finished school less than six months ago.
<b>In-study interest subsidy:</b>	The Government of Canada covers the interest on Canada Student Loans while borrowers are in school (i.e. borrowers who have in-study status).
<b>Loan year:</b>	August 1 to July 31.
<b>Millennium Excellence Awards:</b>	Merit scholarship for academic excellence, innovative leadership and community service, awarded by the Canada Millennium Scholarship Foundation (CMSF). Since the closure of the CMSF, the CSLP has administered these awards.
<b>National Student Loans Service Centre (NSLSC):</b>	<p>The main point of contact for borrowers in managing their loans, from loan disbursement to repayment and repayment assistance. The NSLSC is a third-party service provider that manages all Canada Student Loans issued on or after August 1, 2000, as well as integrated student loans for:</p> <ul style="list-style-type: none"> <li>• New Brunswick and Newfoundland and Labrador, issued on or after August 1, 2000;</li> <li>• Ontario and Saskatchewan, issued on or after August 1, 2001; and</li> <li>• British Columbia, issued on or after August 1, 2011.</li> </ul>

<b>Part-time:</b>	A part-time student is a student taking between 20% and 59% of a full course load. Students with permanent disabilities may be accorded part-time status if they are taking between 20% and 39% of a full course load (and if they are taking between 40% and 59% of a full course load they can elect to be considered either as a full-time or part-time student for the purpose of the CSLP).
<b>Participating provinces/territories:</b>	The provinces and territories that choose to deliver financial assistance to students within the framework of the CSLP. As of July 31, 2012, they included Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and Yukon.
<b>Province/territory of residence:</b>	A student's province or territory of residence is the province or territory where they have most recently lived for at least 12 consecutive months (not including time spent in a province or territory as a full-time student at a post-secondary institution). For example, an individual from Manitoba studying in Ontario would be considered a Manitoba student.
<b>Post-secondary education:</b>	Levels of education following secondary school (high school) at all designated public or private post-secondary institutions.
<b>Repayment:</b>	The status of borrowers who have begun repaying their Canada Student Loans. Repayment begins six months following the end of studies.
<b>Repayment Assistance Plan (RAP):</b>	On August 1, 2009, RAP replaced CSLP's previous debt management programs (Interest Relief and Debt Reduction in Repayment). RAP is a temporary repayment assistance measure where a borrower repays an affordable monthly amount based on family income, family size and outstanding loan balance. RAP ensures that the repayment period will not exceed 15 years (or 10 years for a borrower with a permanent disability). Under RAP, eligible borrowers receive assistance for periods of six months, and can reapply as long as they remain eligible.
<b>Repayment rate:</b>	The repayment rate is the percentage of the total principal amount of Canada Student Loans consolidated in a given loan year that is repaid or in good standing at the end of the subsequent loan year.
<b>Revision of terms:</b>	A means of allowing borrowers to manage their loan repayment in a way that is responsive to their situation. It can be used to decrease monthly payments (extending the loan term to a maximum of 14.5 years), or to increase loan payments allowing the borrower to pay off the loan sooner.

<b>Risk-shared loans:</b>	Between 1995 and 2000, Canada Student Loans were provided by financial institutions (such as banks) under the risk-shared loans regime. Under this regime, financial institutions assumed responsibility for a portion of the possible risk of defaulted loans in return for a payment from the Government.
<b>Severe Permanent Disability Benefit:</b>	In certain cases, some borrowers may be eligible for loan cancellation. The Severe Permanent Disability Benefit makes it possible to cancel the repayment obligations of borrowers whose permanent disability prevents them from studying at a post-secondary level and taking part in the labour force and is expected to remain with them for life.
<b>Transition Grant:</b>	This grant, issued until 2012, replaced the Millennium Bursary following the sunsetting of the Canada Millennium Scholarship Foundation in 2009. It ensured that 2008-2009 Millennium Bursary recipients continued to receive at least the same level of grant funding for the remainder of their post-secondary education programs.

## NOTES